

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEBRASKA

IN THE MATTER OF:)
)
TRI-STATE FINANCIAL, LLC,) Case No. 08-83016
) Chapter 11
)
Debtor.)

AFFIDAVIT OF JAMES G. JANDRAIN IN SUPPORT OF FIRST DAY MOTIONS

STATE OF NEBRASKA)
) ss.
COUNTY OF DOUGLAS)

James G. Jandrain, being first duly sworn upon oath, deposes and states as follows:

1. I am of legal age and competent to give this affidavit. The factual information in this affidavit is based upon my personal knowledge.

2. I am the managing member of Tri-State Financial, LLC. ("Debtor") and Debtor-in-Possession. The Debtor is a Nebraska limited liability company with its office located in Omaha, Nebraska. The Debtor owns a facility that produces ethanol. The facility is located in South Dakota.

3. The Debtor is in the process of selling its facility and believes that a sale agreement should be signed before December 15, 2008.

4. On November 21, 2008 ("Petition Date"), the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code.

5. The value of the Debtor's assets is approximately \$35,000,000.00.

6. The total amount of secured and unsecured liabilities is approximately \$27,000,000.00.

7. As of the Petition Date, the Debtor had approximately \$50,000.00 in cash.

8. Centris Federal Credit Union ("Centris") is the holder of a security interest in the Debtor's inventory, accounts receivable and cash as evidenced by a promissory note in the original sum of \$18,000,000.00 and \$3,500,000.00. Currently there is approximately \$19,651,586.00 due to Centris.

9. Centris holds a blanket security interest in all of the Debtor's real and personal property. Included in this property is a reserve account that currently contains approximately \$1,756,000.00 that is located in a deposit account at Centris.

10. The Debtor has no source of income other than from the sales of its inventory, collection of accounts receivable and future operation of the facility. If the Debtor is not permitted to use the proceeds and collateral it will have to probably close down its operations without paying employees and will most likely result in a reduction in the value of the Debtor's assets.

11. As of the Petition Date, the Debtor employed approximately 30 employees. The last payroll date for the Debtor's employees before filing was November 13, 2008 and this paid for work performed through November 8, 2008. Currently payroll is scheduled to be paid on Wednesday November 26, 2008. This would be for work performed from November 9, 2008 through November 22, 2008.

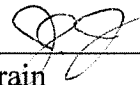
12. The average payroll for Debtor's employees is approximately \$48,000 for employees, including payroll taxes. The prepetition amount of payroll that would be paid on November 26, 2008 is approximately \$40,000. None of the Debtor's employees is owed more than \$10,950.00 for prepetition wages, salaries or commissions.

13. The Debtor has payroll due to be paid on Wednesday, November 26, 2008 and Thursday December 11, 2008. The payroll amount is estimated to be \$48,000 per period and includes payment to individual employees, tax payments and benefit payments.

14. In addition, I believe that the Debtor, in addition to the payrolls reference in paragraph 13, will require \$100,000.00 to pay other expenses, including the costs of utilities during the next thirty days.


FURTHER AFFIANT SAYETH NOT.

DATED: November 21, 2008.



James G. Jandrain

SUBSCRIBED AND SWORN to before me this 21st day of November, 2008.



Notary Public

